

International Financial Institutions and U.S. AID

I. Need to create a source of funds for rapid expansion of international investment (long-term) credit.

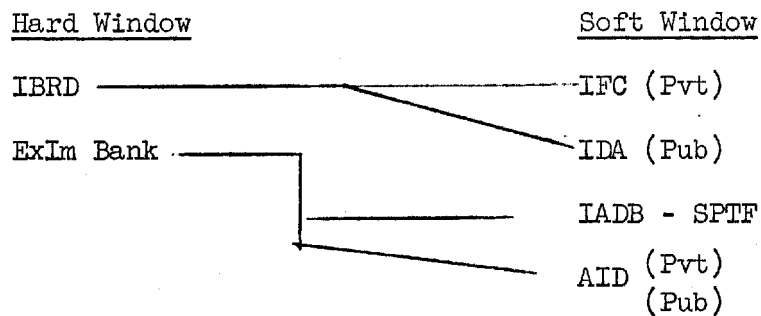
- A. Traditional role of the investment banking community. \*
- B. Problem of sovereignty and the limitation of funds. \*
- C. High cost of feasibility studies and their tendency to become lost or buried. \*

*limitations  
in exports +  
technology*

II. Varying levels of bankability, or credit-worthiness. Hard window and soft-window investment functions.

- A. Convertible currencies -- loans must generate funds through exports or the replacement of hard currency imports.
- B. Local currencies -- loans must generate funds for direct (barter) exports or generate additional sustaining local output which will provide a basis for economic expansion but will take many years to generate the compensating export -- or import replacement -- capability in the domestic economy.

III. The Institutions



IV. Their Resources

Share from the US

Share from other industrial (WE and Japan)

Share from advanced but developing countries

Share from the underdeveloped areas

V. Their loan status

A. Loans outstanding as a share of subscribed capital

B. Loan guarantees which have provided private capital flows

C. Income from repayments:

1. Principal

2. Interest

3. Insurance (Guarantees)

VI. Prospects

A. Impact of the rate of accretion of net income

B. Protection of seed capital

C. Need for new funds to sustain investment momentum: or loan rates geared to the life expectancy of original capital plus net income.

D. Overwhelming role of US Funds in these programs.

International Bank Loan Status  
Fiscal Year 1964-65

		in (\$ millions)
	Lending Authority	Commitment on Lending Authority
U.S. Export Import Bank (Ex Im)	9,000	5,430
World Bank (IBRD)	7,721	5,481
International Development Association (IDA)	1,640	995
International Finance Corporation (IFC)	130	63
Inter-American Development Bank (IADB)	1,285	521
Social Progress Trust Fund (SPTF)	737	613
Total	20,513	13,103

Selected Shares in Capital Structure of  
International Lending Agencies  
1964-65

	(percent)			
	US	Western Europe	Other	LDCs
Ex Im Bank	100	--	--	--
IBRD	29	33	10	28
IDA	32	33	10	25
IFC	36	35	10	19
IADB	43	--	--	57
SPTF	60	--	--	40
Total	63	15	5	17

International Bank  
Income from Repayments

in (\$ millions)

	1964-65			Cumulative	
	Principal	Interest	Comm	Principal	Interest & Comm
Ex Im	89	187	3	6,437	1,987
IBRD	137	198	7	909	742
IDA	--	2	--	--	3
IFC	3	3		9	20
IADB	2	7	2	3	14
SPTF	5	4	1	10	8
Total	236	401	13	7,368	2,774